

ORIGINAL  
FILE COPY

415  
410



August 23, 1996

760976-TX

Via UPS Overnight

Florida Public Service Commission  
Division of Communication, Certifications and Compliance Section  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0866

Dear Sir/Madam:

Pursuant to the instructions of your office, enclosed for filing with the Commission, please find the original and six (6) copies of Network Multi-Family Security Corporation's ("Network") Application Form for Authority to Provide Alternative Local Exchange Service within the State of Florida. Additionally, we have enclosed a company check in the amount of \$250.00 made payable to the Florida Public Service Commission which should cover the filing fee for this document.

Upon review of the application of Network Multi-Family Security Corporation, you will notice that we have not enclosed a copy of a local exchange tariff for our company. As we were informed by Wayne in the tariff division of the Commission, we are submitting our application without our tariff and will present it to the Commission before final approval of our application form.

ACK \_\_\_\_\_  
AFA \_\_\_\_\_  
APP \_\_\_\_\_ If you have any questions or need additional information, please do not hesitate to contact myself at  
CAF \_\_\_\_\_ 800-645-2004 or Stephen D. Parker, General Counsel, at the number listed below. Thank you for  
CMU \_\_\_\_\_ your assistance with this matter.

Sincerely,

Lizsette J. Wygle  
Legal Assistant

Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward a copy of check to RAR with proof of deposit.

Initials of person who represented check  
*A.P.*

Enclosures

CTR \_\_\_\_\_  
EAG \_\_\_\_\_  
LEG \_\_\_\_\_  
LIN \_\_\_\_\_  
OPC \_\_\_\_\_  
RCH \_\_\_\_\_  
SEC \_\_\_\_\_ RECEIVED & FILED  
WAS \_\_\_\_\_  
OTH \_\_\_\_\_

FPSC-BUREAU OF RECORDS

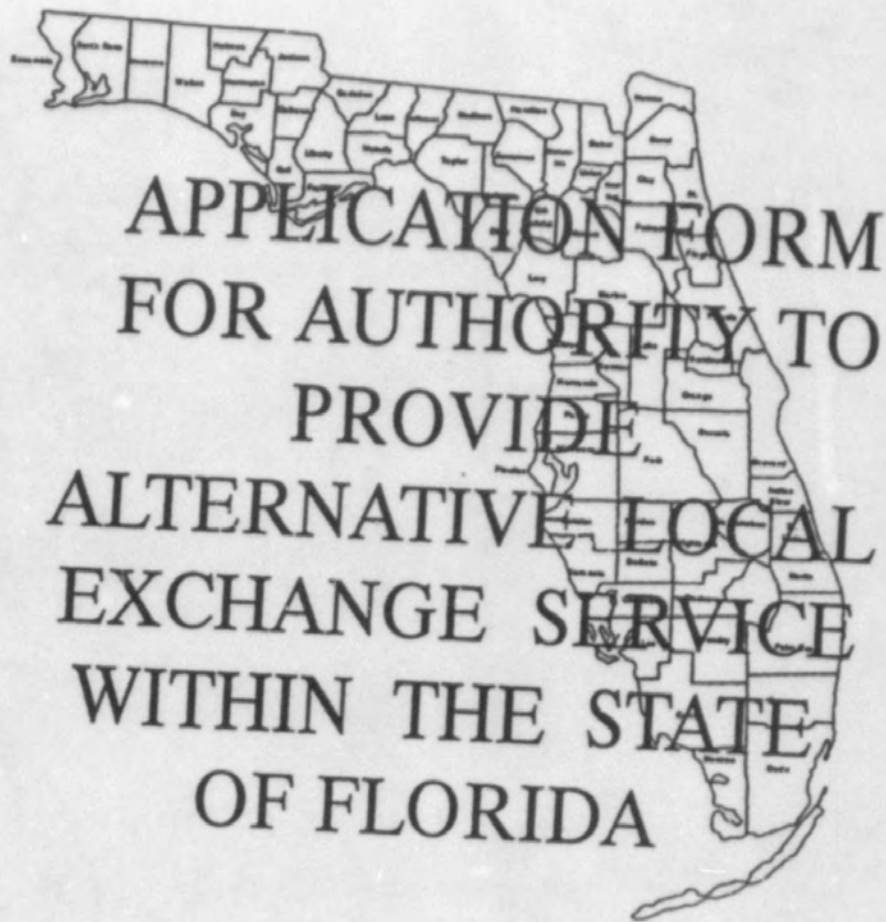
RECEIVED  
FLORIDA PUBLIC SERVICE COMMISSION  
96 AUG 26 AM 7:03  
MAIL ROOM

✓ PRIORITY LINK PHONE

✓ PRIORITY ALARM

DOCUMENT NUMBER ~~DATE~~ METRONET ALARM

14275 Midway Road Suite 440 Dallas, Texas 75244 (214) 490-9902  
09052 AUG 26 1996  
FPSC-RECORDS/REPORTING



APPLICATION FORM  
FOR AUTHORITY TO  
PROVIDE  
ALTERNATIVE LOCAL  
EXCHANGE SERVICE  
WITHIN THE STATE  
OF FLORIDA

DOCUMENT NUMBER-DATE

09052 AUG 26 88

FPSC-RECORDS/REPORTING

FLORIDA PUBLIC SERVICE COMMISSION  
CAPITAL CIRCLE OFFICE CENTER - 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

APPLICATION FORM  
for

AUTHORITY TO PROVIDE ALTERNATIVE LOCAL EXCHANGE SERVICE  
WITHIN THE STATE OF FLORIDA

---

INSTRUCTIONS

1. This form is used for an original application for a certificate and for approval of sale, assignment or transfer of an existing alternative local exchange certificate. In case of a sale, assignment or transfer, the information provided shall be for the purchaser, assignee or transferee.
  2. Respond to each item requested in the application and appendices. If an item is not applicable, please explain why.
  3. Use a separate sheet for each answer which will not fit the allotted space.
  4. If you have questions about completing the form, contact:  

Florida Public Service Commission  
Division of Communications, Certification & Compliance Section  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0866  
(904) 413-6600
  5. Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of \$250 made payable to the Florida Public Service Commission at the above address.
-

1. This is an application for (check one):

Original authority (new company)

Approval of transfer (to another certificated company)  
Example, a certificated company purchases an existing company and desires to retain the original certificate authority.

Approval of assignment of existing certificate (to a noncertificated company)

Example, a non-certificated company purchases an existing company and desires to retain the certificate of authority rather than apply for a new certificate.

Approval for transfer of control (to another certificated company)

Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of applicant:

Network Multi-Family Security Corporation

3. A. National mailing address including street name, number, post office box, city, state, zip code, and phone number.

14275 Midway Road, Suite 440  
Dallas, Texas 75244  
(214)490-9902

P.O. Box 910773  
Dallas, Texas 75391-0773

B. Florida mailing address including street name, number, post office box, city, state, zip code, and phone number.

2901 West Busch Blvd., Suite 309  
Tampa, Florida 33618  
(813)932-3411

C. Physical address of alternative local exchange service in Florida including street name, number, post office box, city, zip code and phone number.

To be determined



4. Structure of organization:

- |   |  |
|---|--|
| <input type="checkbox"/> Individual                     | <input type="checkbox"/> Corporation                 |
| <input checked="" type="checkbox"/> Foreign Corporation | <input type="checkbox"/> Foreign Partnership         |
| <input type="checkbox"/> General Partnership            | <input type="checkbox"/> Limited Partnership         |
| <input type="checkbox"/> Joint Venture                  | <input type="checkbox"/> Other, Please explain _____ |

5. If incorporated, please provide proof from the Florida Secretary of State that the applicant has authority to operate in Florida.

Corporate charter number: P07558

See attached exhibit "A"

6. Name under which the applicant will do business (d/b/a):

Network Multi-Family Security Corporation d/b/a Priority Link

7. If applicable, please provide proof of fictitious name (d/b/a) registration.

See attached exhibit "B"

Fictitious name registration number: \_\_\_\_\_

Federal Serial Number: 74/541075

8. If applicant is an individual, partnership, or joint venture, please give name, title and address of each legal entity.

N/A

9. State whether any of the officers, directors, or any of the ten largest stockholders have previously been adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. If so, please explain.

N/A

10. Please provide the name, title, address, telephone number, internet address, and facsimile number for the person serving as ongoing liaison with the Commission, and if different, the liaison responsible for this application.

Stephen D. Parker, General Counsel  
14275 Midway Road, Suite 440  
Dallas, Texas 75244

11. Please list other states in which the applicant is currently providing or has applied to provide local exchange or alternative local exchange service.

Nevada, Georgia, Louisiana

12. Has the applicant been denied certification in any other state? If so, please list the state and reason for denial.

NO

13. Have penalties been imposed against the applicant in any other state? If so, please list the state and reason for penalty.

NO

14. Please indicate how a customer can file a service complaint with your company. Customers are given a toll free number to call if they have a service or repair request or if they have customer service inquiries regarding billing or operation of the various telephone services and features.

15. Please provide all available documentation demonstrating that the applicant has the following capabilities to provide alternative local exchange service in Florida.

A. Financial capability. See attached exhibit "C"

Regarding the showing of financial capability, the following applies:

The application should contain the applicant's financial statements, including:

1. the balance sheet

2. income statement

3. statement of retained earnings for the most recent 3 years.

If available, the financial statements should be audited financial statements.

If the applicant does not have audited financial statements, it shall be so stated. The unaudited financial statements should then be signed by the applicant's chief executive officer and chief financial officer. The signatures should affirm that the financial statements are true and correct.

B. Managerial capability. See attached exhibit "D"

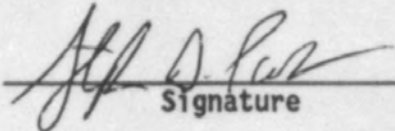
C. Technical capability. See attached exhibit "E"

AFFIDAVIT

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide alternative local exchange service in the State of Florida. I have read the foregoing and declare that to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

Further, I am aware that pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083".

Official:

  
Signature

8-21-96

Date

Title:

General Counsel/Secretary

(214)490-9002

Telephone Number

Address:

14275 Midway Road

Suite 440

Dallas, Texas 75244



# State of Florida



Department of State

I certify that the attached is a true and correct copy of Articles of Amendment, filed on August 1, 1986, to the Articles of Incorporation for NETWORK SECURITY MULTIFAMILY, INC. changing its name to NETWORK MULTI-FAMILY SECURITY CORPORATION, a Delaware corporation, as shown by the records of this office.

The document number of this corporation is P07558.

Given under my hand and the  
Great Seal of the State of Florida,  
at Tallahassee, the Capital, this the  
6th day of August, 1986.



George Firestone  
Secretary of State





D. W. McKinnon, Director  
Division of Corporations  
904/487-6000

FLORIDA DEPARTMENT OF STATE  
George Firestone  
Secretary of State

Mrs. Mary R. Kacur, Chief  
Bureau of Corporate Records  
904/487-6900

August 6, 1986

Allison Garrett, Legal Asst.  
NETWORK MULTI-FAMILY  
2445 McIver, Suite 101  
Carrollton, TX 75006

Re: Document Number P07558

Dear Ms. Garrett:

This will acknowledge receipt of your Name-Change Amendment for NETWORK SECURITY MULTIFAMILY, INC. changing its name to NETWORK MULTI-FAMILY SECURITY CORPORATION, which was filed on August 1, 1986. Your remittance totaling \$40.00 has been received. Enclosed please find your certificate(s).

Should you have any questions regarding this matter, please telephone (904) 487-6050, the Amendment Filing Section

Sincerely,

D. W. McKinnon, Director  
Division of Corporations

DWM:spt

**APPLICATION BY FOREIGN CORPORATION TO FILE AMENDED APPLICATION  
FOR AUTHORIZATION TO TRANSACT BUSINESS IN FLORIDA**

**INSTRUCTIONS**

The name change of a foreign corporation qualified to do business in Florida is provided by Section 607.337 (Florida Statutes, 1983). The fees are established by Section 607.361 (1) (c) (Florida Statutes, 1983). To file the name change amendment, please follow these instructions:

1. Complete the form below.
2. Submit a certified copy of the name change amendment -- certified by the proper state official who has custody of corporate records in your state. This copy must be legible for microfilming.

**MAKE CHECK FOR FILING FEES IN THE AMOUNT OF \$25.00 PAYABLE TO: DEPARTMENT OF STATE**

<p>1. Name of corporation as it appears on original application or last amended application:</p> <p>Network Security Multi-Family, Inc,</p>	<p>2. Incorporated under laws of</p> <p>Delaware</p>
<p>3. If the amendment changes the name of the corporation, has the change been effected under the laws of its jurisdiction of incorporation?</p> <p>(please check) Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>	<p>4. Name of corporation after amendment, adding suffix "corporation," "company," or "incorporated" if not contained in new name of the corporation:</p> <p>NETWORK MULTI-FAMILY SECURITY CORPORATION</p>
<p>5. If the amendment changes, limits or enlarges the business purposes of the corporation, is the corporation authorized to do such business under the laws of its jurisdiction of incorporation?</p> <p>(please check) Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>	<p>6. Proposed business purposes within Florida:</p> <p>To provide security services and all things necessary and incidental thereto.</p>
<p>7. Signature of President or Vice-President.</p> <p><i>[Signature]</i></p>	<p>8. Signature of Secretary or Assistant Secretary.</p> <p><i>[Signature]</i></p>
<p>9. Notarization:</p> <p>State of <u>TEXAS</u> County of <u>DALLAS</u></p> <p>The foregoing instrument was acknowledged before me this <u>24th</u> day of <u>June</u>, 19<u>86</u>, by (name of officer) <u>Michael Lanham</u>, (title of officer) <u>Secretary</u> of (name of corporation) <u>Network Multi-Family Security Corporation</u> a (an) (state or country) <u>Delaware</u> corporation, on behalf of the corporation.</p> <p align="center"><i>[Signature]</i> (Notary Public)</p> <p>(Seal)</p>	

DEPARTMENT OF STATE  
 TREASURER OF FLORIDA  
 2 JUN 1986  
 FILED



5237

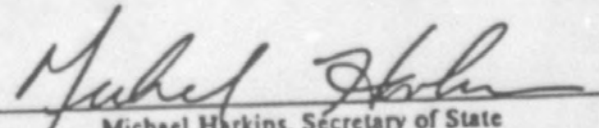
Office of Secretary of State

I, MICHAEL HARKINS, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF NETWORK SECURITY MULTIFAMILY, INC. FILED IN THIS OFFICE ON THE SIXTH DAY OF MAY, A.D. 1986, AT 10 O'CLOCK A.M.

! ! ! ! ! ! ! ! ! !



736126017

  
Michael Harkins, Secretary of State

AUTHENTICATION: 10813467  
DATE: 05/07/1986



730.126017

PAGE 365 PAGE 171

FILED

MAY 6 1986

10 AM

# CERTIFICATE OF AMENDMENT OF CERTIFICATE OF INCORPORATION

*Michael R. Lanham*  
Secretary

Network Security Multifamily, Inc.  
a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY:

FIRST: That at a meeting of the Board of Directors of Network Security Multifamily, Inc.

resolutions were duly adopted setting forth a proposed amendment of the Certificate of Incorporation of said corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of said corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that the Certificate of Incorporation of this corporation be amended by changing the Article thereof numbered "I" so that, as amended said Article shall be and read as follows:

"The name of the corporation is NETWORK MULTI-FAMILY SECURITY CORPORATION."

SECOND: That thereafter, pursuant to resolution of its Board of Directors, a special meeting of the stockholders of said corporation was duly called and held, upon notice in accordance with Section 222 of the General Corporation law of the state of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

FOURTH: That the capital of said corporation shall not be reduced under or by reason of said amendment.

IN WITNESS WHEREOF, said Network Security Multifamily, Inc. has caused this certificate to be signed by

James R. Hull Its President,

and Michael R. Lanham Its Secretary,

this 1st day of May, 19 86

BY: *James R. Hull*  
President

ATTEST: *Michael R. Lanham*  
Secretary

UNITED STATES DEPARTMENT OF COMMERCE  
ASSISTANT COMMISSIONER FOR TRADEMARKS  
2900 CRYSTAL DRIVE  
ARLINGTON, VIRGINIA 22202-3513  
JUN 13 1996

NOTICE OF ACCEPTANCE OF STATEMENT OF USE

Roger N. Chauza  
Richards, Medlock & Andrews  
4500 Renaissance Tower  
1201 Elm Street  
Dallas, TX 75270-2197

TM102

**RECEIVED**

JUN 21 1996

RICHARDS, MEDLOCK & ANDREWS

ATTORNEY  
REFERENCE NUMBER:

NMSC.M.35767

---

SERIAL NUMBER: 74/541075  
MARK: PRIORITY LINK ✓  
OWNER: Network Multi-Family Security Corporatio

---

The statement of use filed in regard to the above-identified application has been accepted. This acceptance signifies that the statement of use is accepted in all respects and that the mark is entitled to be registered. Accordingly, the registration will issue in due course barring any extraordinary circumstances.

NETWORK MULTI-FAMILY SECURITY  
CORPORATION

Financial Statements as of and for  
the Years Ended December 31, 1995  
and 1994 and Independent Auditors' Report





## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Network Multi-Family Security Corporation:

We have audited the accompanying balance sheets of Network Multi-Family Security Corporation as of December 31, 1995 and 1994, and the related statements of operations, cash flows and stockholder's equity for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company at December 31, 1995 and 1994, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

*Deloitte + Touche LLP*

February 29, 1996

**NETWORK MULTI-FAMILY SECURITY CORPORATION**

**BALANCE SHEETS AT DECEMBER 31, 1995 AND 1994  
(DOLLARS IN THOUSANDS)**

	<u>1995</u>	<u>1994</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 5	\$ 479
Accounts receivable, net of allowance of \$325 in 1995 and \$356 in 1994	2,027	1,488
Current portion of investment in finance receivables	13,721	13,142
Inventories	3,436	1,997
Alarm installation contracts	2,979	2,435
Other	<u>299</u>	<u>403</u>
	22,467	19,944
Investment in finance receivables, net	34,687	32,770
Property and equipment, net	3,488	2,477
License agreements and other assets, net of accumulated amortization of \$516 in 1995 and \$38 in 1994	<u>2,265</u>	<u>2,446</u>
	<u>\$62,907</u>	<u>\$57,637</u>
 <b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Current portion of long-term debt	\$ 3,171	\$ 2,725
Accounts payable	1,449	806
Accrued expenses	<u>853</u>	<u>827</u>
	5,473	4,358
Long-term debt	27,545	28,516
Other liabilities	39	749
Deferred income taxes	<u>7,433</u>	<u>5,230</u>
Total Liabilities	<u>40,490</u>	<u>38,853</u>
<b>STOCKHOLDER'S EQUITY:</b>		
Common stock (\$.01 par value, 100,000 shares authorized, issued and outstanding)	1	1
Additional capital	9,883	9,799
Retained earnings	<u>12,533</u>	<u>8,984</u>
Total Stockholder's Equity	<u>22,417</u>	<u>18,784</u>
	<u>\$62,907</u>	<u>\$57,637</u>

See notes to financial statements.

**NETWORK MULTI-FAMILY SECURITY CORPORATION**

**STATEMENTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994  
(DOLLARS IN THOUSANDS)**

	<u>1995</u>	<u>1994</u>
<b>OPERATING REVENUES:</b>		
Sales	\$ 9,862	\$ 6,849
Service fees	7,401	4,495
Interest	12,008	12,294
Other	318	197
	<u>29,589</u>	<u>23,835</u>
<b>OPERATING COSTS:</b>		
Costs of sales	7,059	4,292
Costs of services	3,563	2,392
General and administrative	<u>10,331</u>	<u>8,110</u>
	<u>20,953</u>	<u>14,794</u>
<b>OPERATING INCOME</b>	8,636	9,041
<b>INTEREST EXPENSE</b>	<u>2,884</u>	<u>1,819</u>
<b>INCOME BEFORE INCOME TAXES</b>	5,752	7,222
<b>INCOME TAXES</b>	<u>2,203</u>	<u>2,704</u>
<b>NET INCOME</b>	<u>\$ 3,549</u>	<u>\$ 4,518</u>

See notes to financial statements.



**NETWORK MULTI-FAMILY SECURITY CORPORATION**

**STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994**  
(DOLLARS IN THOUSANDS)

	<u>1995</u>	<u>1994</u>
<b>OPERATING ACTIVITIES:</b>	<b>\$ 3,549</b>	<b>\$4,518</b>
Net income		
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	1,334	240
Deferred taxes	2,203	2,726
Provision for doubtful accounts	1,996	1,872
Gain on sale of property and equipment	( 318)	( 188)
Changes in investment in finance receivables and alarm installation contracts:		
Gross additions	(6,690)	(5,948)
Gross receipts of principal	2,264	1,430
Other	245	1,313
Changes in assets and liabilities:		
Accounts receivable	( 925)	( 629)
Inventories	(1,438)	( 501)
Other assets	( 253)	( 171)
Accounts payable and accrued expenses	669	55
Other liabilities	( 797)	139
Net cash provided by operating activities	<u>1,839</u>	<u>4,856</u>
<b>INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(1,755)	( 720)
Proceeds from sales of property and equipment	318	188
Acquisition, net of cash acquired	( 435)	(3,923)
Net cash used in investing activities	<u>(1,872)</u>	<u>(4,455)</u>
<b>FINANCING ACTIVITIES:</b>		
Principal payments on long-term debt	( 4,725)	(4,744)
Proceeds from long-term debt	4,200	13,582
Capital contributions	84	-
Dividends	-	(8,895)
Net cash used in financing activities	<u>( 441)</u>	<u>( 57)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>( 474)</b>	<b>344</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b><u>479</u></b>	<b><u>135</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 5</u></b>	<b><u>\$ 479</u></b>

See notes to financial statements.

NETWORK MULTI-FAMILY SECURITY CORPORATION

STATEMENTS OF STOCKHOLDER'S EQUITY FOR THE YEARS ENDED DECEMBER 31, 1995  
AND 1994  
(IN THOUSANDS)

	<u>Common Stock</u>		<u>Additional Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>			
Balance at December 31, 1993	100	\$1	\$9,799	\$13,361	\$23,161
Net income	-	-	-	4,518	4,518
Dividends	-	-	-	(8,895)	(8,895)
Balance at December 31, 1994	100	1	9,799	8,984	18,784
Net income	-	-	-	3,549	3,549
Capital contribution	-	-	84	-	84
Balance at December 31, 1995	<u>100</u>	<u>\$1</u>	<u>\$9,883</u>	<u>\$12,533</u>	<u>\$22,417</u>

See notes to financial statements.

NETWORK MULTI-FAMILY SECURITY  
CORPORATION

Financial Statements as of and for  
the Years Ended December 31, 1994  
and 1993 and Independent Auditors' Report



**Deloitte &  
Touche LLP**



1200 Two Ruan Center  
601 Locust Street  
Des Moines, Iowa 50309-3738

Telephone: (515) 288-1200  
ITT Telex: 4995631  
Facsimile: (515) 288-7801

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Network Multi-Family Security Corporation:

We have audited the accompanying balance sheets of Network Multi-Family Security Corporation (the "Company") as of December 31, 1994 and 1993 and the related statements of operations, cash flows and stockholder's equity for the years ended December 31, 1994 and 1993. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits of the financial statements provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company at December 31, 1994 and 1993 and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

*Deloitte & Touche LLP*

February 24, 1995

**Deloitte Touche  
Tohmatsu  
International**

**NETWORK MULTI-FAMILY SECURITY CORPORATION**

**BALANCE SHEETS AT DECEMBER 31, 1994 AND 1993  
(DOLLARS IN THOUSANDS)**

	<u>1994</u>	<u>1993</u>
<b>ASSETS</b>		
CURRENT ASSETS:	\$ 479	\$ 135
Cash		192
Accounts receivable, net of allowance of \$356 in 1994 and \$348 in 1993	1,488	
Current portion of investment in finance receivables, net	13,142	12,979
Inventories	1,997	1,339
Alarm installation contracts	2,435	3,159
Other	<u>403</u>	<u>163</u>
	19,944	17,967
Investment in finance receivables, net	32,770	30,135
Property and equipment, net	2,477	480
License agreements, net of accumulated amortization of \$38	2,215	-
Other	<u>231</u>	<u>97</u>
	<u>\$57,637</u>	<u>\$48,679</u>
 <b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
CURRENT LIABILITIES:	\$ 2,725	\$ 4,794
Current portion of long-term debt	806	287
Accounts payable	<u>827</u>	<u>535</u>
Accrued expenses	4,358	5,616
Long-term debt	28,516	17,609
Other liabilities	749	30
Deferred income taxes	<u>5,230</u>	<u>2,263</u>
Total Liabilities	<u>38,853</u>	<u>25,518</u>
STOCKHOLDER'S EQUITY:		
Common stock (\$.01 par value, 100,000 shares authorized, issued and outstanding)	1	1
Additional capital	9,799	9,799
Retained earnings	<u>8,984</u>	<u>13,361</u>
Total Stockholder's Equity	<u>18,784</u>	<u>23,161</u>
	<u>\$57,637</u>	<u>\$48,679</u>

See notes to financial statements.

**NETWORK MULTI-FAMILY SECURITY CORPORATION**

**STATEMENTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1993**  
**(DOLLARS IN THOUSANDS)**

	<u>1994</u>	<u>1993</u>
<b>OPERATING REVENUES:</b>		
Sales	\$ 6,849	\$ 4,373
Service fees	4,495	4,602
Interest	12,294	13,017
Other	<u>197</u>	<u>66</u>
	<u>23,835</u>	<u>22,058</u>
 <b>OPERATING COSTS:</b>		
Costs of sales	4,292	2,269
Costs of services	2,392	2,224
General and administrative	<u>8,110</u>	<u>7,477</u>
	<u>14,794</u>	<u>11,970</u>
 <b>OPERATING INCOME</b>	9,041	10,088
 <b>INTEREST EXPENSE</b>	<u>1,819</u>	<u>1,815</u>
 <b>INCOME BEFORE INCOME TAXES</b>	7,222	8,273
 <b>INCOME TAXES</b>	<u>2,704</u>	<u>2,263</u>
 <b>NET INCOME</b>	<u>\$ 4,518</u>	<u>\$ 6,010</u>

See notes to financial statements.



**NETWORK MULTI-FAMILY SECURITY CORPORATION**

**STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1993  
(DOLLARS IN THOUSANDS)**

	<u>1994</u>	<u>1993</u>
<b>OPERATING ACTIVITIES:</b>		
Net income	\$ 4,518	\$6,010
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	240	64
Deferred taxes	2,726	2,263
Provision for doubtful accounts	1,872	1,517
Gain on sale of property and equipment	( 188)	( 58)
Changes in investment in finance receivables and alarm installation contracts:		
Gross additions	( 5,948)	(4,278)
Gross receipts of principal	1,430	1,108
Other	1,313	695
Changes in assets and liabilities:		
Accounts receivable	( 629)	317
Inventories	( 501)	( 122)
Other assets	( 171)	( 87)
Accounts payable and accrued expenses	55	( 448)
Other liabilities	<u>139</u>	<u>( 425)</u>
Net cash provided by operating activities	<u>4,856</u>	<u>6,556</u>
<b>INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	( 720)	( 408)
Proceeds from sales of property and equipment	188	58
Acquisition, net of cash acquired	<u>( 3,923)</u>	<u>-</u>
Net cash used in investing activities	<u>( 4,455)</u>	<u>( 350)</u>
<b>FINANCING ACTIVITIES:</b>		
Principal payments on long-term debt	( 4,744)	(9,106)
Proceeds from long-term debt	13,582	1,500
Dividends	<u>( 8,895)</u>	<u>-</u>
Net cash used in financing activities	<u>( 57)</u>	<u>(7,606)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>344</b>	<b>(1,400)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<u><b>135</b></u>	<u><b>1,535</b></u>
<b>CASH AT END OF YEAR</b>	<u><b>\$ 479</b></u>	<u><b>\$ 135</b></u>

See notes to financial statements.

**NETWORK MULTI-FAMILY SECURITY CORPORATION**

**STATEMENTS OF STOCKHOLDER'S EQUITY FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1993  
(IN THOUSANDS)**

	<u>Common Stock</u>		<u>Additional</u>	<u>Retained</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Capital</u>	<u>Earnings</u>	
Balance at December 31, 1992	100	\$1	\$9,799	\$ 7,351	\$17,151
Net income	—	—	—	6,010	6,010
Balance at December 31, 1993	100	1	9,799	13,361	23,161
Net income	-	-	-	4,518	4,518
Dividends	—	—	—	( 8,895)	( 8,895)
Balance at December 31, 1994	<u>100</u>	<u>\$1</u>	<u>\$9,799</u>	<u>\$ 8,984</u>	<u>\$18,784</u>

See notes to financial statements.

Steve Williams is President and Chief Executive Officer of Network Multi-Family Corporation, a private telecommunications provider and the nation's largest provider of multifamily alarm systems. Mr. Williams has over 12 years' experience in the industry and is an active member of the National Multi-Housing Council, National Association of Home Builders, Apartment Associations across the United States, as well as numerous technology and security organizations. As an electrical engineer and one of the original founders of Network Multi-Family Corporation, Mr. Williams has followed the multifamily industry and gained significant insight regarding the use of technology as a marketing tool and revenue generator for property owners.



**PERSONAL RESUME**

**STEPHEN D. PARKER**  
6721 BEVINGTON  
DALLAS, TEXAS 75248  
(H)407-0685  
(W)419-3166

**EMPLOYMENT HISTORY**

**Network Multifamily Security Corporation -**  
(1992 - present)

General Counsel/Secretary

Responsible for all legal aspects of Alarm and Telecommunications aspects of the company

**Smith & Underwood -**  
(1988 - 1992)

Attorney, Commercial Litigation

Prepared and handled case files for various commercial litigation matters.

Cases include general commercial matters, bankruptcy, ERISA, lender liability, trademark infringement and collection matters.

Extensive pretrial motion experience and court appearances on all matters relating to discovery, summary judgement, restraining orders, and prejudgement remedies.

Prepare witnesses for depositions and depose opposing witnesses.

Trial preparation with first and second chair trial experience.

**Lincom/Amerisystems**  
(1983 - 1987)

Communications subsidiary of Lincoln Property Company.

Branch and Corporate Marketing Manager for PBX and network communications equipment.

**Xerox Corporation**  
(1979 - 1983)

Marketing Representative personal computers and word processing equipment.

**EDUCATION**

Legal

South Texas College of Law Houston, Texas  
Graduation: December 1987  
Class Rank: Top One-Third

Undergraduate

Texas Tech University Lubbock, Texas  
May 1979 - BBA Marketing's  
Dean's List

**GARY R. FRENCH**

Anniversary Date: 5/2/88

**EDUCATIONAL BACKGROUND:**

University of Texas at Arlington: Bachelor of Business Administration in Management.

University of Dallas; 10 hours towards MBA.

All Company offered technical and managerial courses with SWBT.

Technical Certification on:

- NEC 2400 Switch
- Iwatsu Key Systems
- AT&T Meridian
- Moose 21100 Alarm Panel
- DSC 1500 Alarm Panel
- OCTEL Voicemail System
- Federal Fire Alarm System

\*Hands on experience wiring and installing all systems listed above

Texas Alarm Managers License  
Texas Fire Managers License  
New Mexico Alarm and General Construction License  
Arkansas Alarm Managers License

Continuing Education Courses and Seminars:

- Management Training
- Leadership Training
- Success and Motivation Training
- Technical Training

**TELEPHONE EXPERIENCE:**

1972 - 1980      Southwestern Bell Telephone Company:

- Residential / Commercial Technician
- Residential Installation Manager (Managed 15 people)
- Control Center Manager (Managed 85 people)

~ 1980 - 1987      Owner / Manager Telecommunications / Security Company

Installed and Repaired all forms of telephone, security and fire systems.

1988 - Present      Network MultiFamily Corporation:

- Director of Installation Operations
- Oversee all phases of installation of telephones, security, and gates. Manage 13 employees.

GARY R. FRENCH

Anniversary Date: 5/2/88

EDUCATIONAL BACKGROUND:

University of Texas at Arlington: Bachelor of Business Administration in Management.

University of Dallas; 10 hours towards MBA.

All Company offered technical and managerial courses with SWBT.

Technical Certification on:

- NEC 2400 Switch
- Iwatsu Key Systems
- AT&T Meridian
- Moose 21100 Alarm Panel
- DSC 1500 Alarm Panel
- OCTEL Voicemail System
- Federal Fire Alarm System

\*Hands on experience wiring and installing all systems listed above

- Texas Alarm Managers License
- Texas Fire Managers License
- New Mexico Alarm and General Construction License
- Arkansas Alarm Managers License

Continuing Education Courses and Seminars:

- Management Training
- Leadership Training
- Success and Motivation Training
- Technical Training

TELEPHONE EXPERIENCE:

1972 - 1980      Southwestern Bell Telephone Company:

- Residential / Commercial Technician
- Residential Installation Manager (Managed 15 people)
- Control Center Manager (Managed 85 people)

~ 1980 - 1987      Owner / Manager Telecommunications / Security Company

Installed and Repaired all forms of telephone, security and fire systems.

1988 - Present      Network MultiFamily Corporation:

- Director of Installation Operations
- Oversee all phases of installation of telephones, security, and gates. Manage 13 employees.



**JERRY WEBB**

Anniversary Date: 2/22/95

**EDUCATIONAL BACKGROUND:**

3 years of college in psychology and Business. NO DEGREE yet

NEC 2400 Certified

**TELEPHONE EXPERIENCE:**

**Chevron U.S.A. Inc...**  
**Odessa, TX**

Job requirements: Install phone and microwave equipment for the West Texas division. Order 5 years all equipment for maintenance and new projects. Maintain budgets lower over all costs. Responsible for warehouse management and inventory management.

Equipment: Northern Switches and Key Systems, Harris Farinon Microwave, MDS, Motorola Radios.

**MTS**  
**Richardson, TX**

Job Requirements: Install and maintain NEC 2400 ICS switches. Maintain eight properties 8 months in San Antonio. Meet project goals and set quality standards for employees and contractors. Installed E911 trunks. Managed 5 contract companies which had over 150 workers. I received NEC2400ICS training and Digital Speech voice mail.

**Network Multi-Family**  
**Dallas, TX**

Job Requirements: Managed two properties in San Antonio and install NEC 2400ICS switches, installed E911 trunks, and installed Digital Speech Voice mail systems.

Telecommunications Installation Manager - Overseeing all aspects of telephone and gate installation.

**TOM DUCOTE**

Anniversary Date: 7/6/90

**EDUCATIONAL BACKGROUND:**

- |              |   |
|--------------|---|
| 1985 - 1987  | Associates Degree; T.H. Harris, Opelousas, LA; Electronics Technology |
| ~1991 - 1996 | Certified with the Texas Fire Alarm Association                       |
| 1996 (~6 mo) | NEC 2400 Certified  |
| 1996 (~6 mo) | Digital Speech Voice Mail School                                      |

**TELEPHONE EXPERIENCE:**

- |                |  |
|----------------|--|
| 1986 - 1996    | All aspects of alarm Installation (1991 - 1996 with Network)   |
| 1995 - Present | Telephone Installation with Network<br>Duties include: Prewire, Trimout, Online, Installation and troubleshooting of NEC switch, Project Manager and Cable Splicer |

**TIM ESSARY**

**Anniversary Date: 2/10/91**

**EDUCATIONAL BACKGROUND:**

In-house seminar and workshops -	Installation of central alarm systems and fire control systems.
Fiber Optics Training	Installation of Card Access Systems
Repair of Gate Controls	Installation of Card Access Systems
Basic Electricity and DC Circuits	Installation and Repair of Camera Systems
Designing Electrical Systems	Quality Training
Stress Management	All Basic courses required by General Telephone, PBX systems, key systems, pay phones, and cable repair
Level I Training Alarm System	NEC Training Course - Installation and Maintenance of NEAX2400,

**TELEPHONE EXPERIENCE:**

1978 - 1981	Installer / Repairman (telephones and telephone cables); Chicksaw Telephone Company.
1981 - 1982	Installer / Repairman (key systems, pay phones, troubleshooting all types of cables); General Telephone.
1983 - 1991	Equipment Technician (install and repair security and safety systems, install and repair card access systems, worked with fiber optics cable); Texas Instruments.
1991 - Present	Telecommunications Technician (repair security systems, install and maintain phone systems); Network MultiFamily.



**HOWARD BALLARD**

Anniversary Date: 3/6/95

**EDUCATIONAL BACKGROUND:**

Trenching and Shoring Training  
Gas Pipe Fusion Training  
3M Fiber School  
Installation and Repair School  
Cable Splicing  
Outside Plant Engineering  
Troubleshooting Copper

**TELEPHONE EXPERIENCE:**

1971 - 1972	Engineering and Outside Plant Drafting; GTE of Florida.
1972 - 1974	Outside Cable Splicing; GTE of Florida.
1974 - 1975	Installation and Repair work; GTE of Florida.
1975 - 1978	Cable Construction and Cable Maintenance; GTE of Florida.
1978 - 1980	Cable Maintenance, Installation and Repair; GTE of South West, New Mexico.
1980 - 1983	Cable Maintenance, Installation and Repair; GTE of South West, Portland, TX.
1983 - 1986	New Construction - Cable Splicing; GTE of South West, Dallas, TX
1986 - 1990	Owner / Manager; Ballard Splicing Team.
1990 - 1993	Cable Splicing and Outside Plant; Housley Communications, Tampa, Florida.
1993 - 1994	Outside Plant Cable Supervisor for single source provider (GTE); Housley Communications, Dallas, TX.
1994 - 1996	Outside Plant Supervisor and Engineer, Construction Manager nationwide; Network MultiFamily.

**JOHN SNIPES**

Anniversary Date: 9/18/95

**TELEPHONE EXPERIENCE:**

Housley Communications

Large Machine Operator: Backhoes, Trenchers, Mini Sneakers.

Cable Splicer: Installation and Repair, Arel, Underground, Buried.

Ballard Splicing Team

Large Machine Operator: Trenchers.

Cable Splicer: Installation and Repair, Arel, Underground, Buried, Locate Cable.

Pyramid Communications

Large Machine Operator: Backhoes, Trenchers.

Cable Splicer: Prewire Home and Office, Installation and Repair, Buried.

Network MultiFamily

Installation Technician: AT&T Switch, NEC Switch, Mobile Phone (Trained by Southwestern Bell Mobile).

Telecommunications Technician: Cable Splicing.

Chris Romaine  
208 Island Dr.  
Richardson, TX 75081  
Home (214) 907-2162  
Office (214) 669-4082

## WORK EXPERIENCE

\* ICS COMMUNICATIONS, Richardson TX 75083  
Project Manager/Construction Coordinator, July 1993 to April 1996  
Responsibilities including: managing contractors and coordinating with the LEC to meet time schedules for the installation of telephone and cable TV systems in apartment complexes; ordering of material and services needed for construction; performing site surveys for Engineering on retro complexes. Computer programs used: MS Project, CG Mail, EMail, WordPerfect 6.0, Lotus 123.  
Accomplishments: Fujitsu switch school for 9600 series switch, managing ICS's largest project to date in Texas.

PADUCAH MEDICAL SUPPLY, Paducah KY  
Operations Manager, June 1994 to July 1995  
Responsibilities including: managing of customer service and shipping departments; integrating new computer system for both departments. Computer programs used: MAS 90 accounting program, WordPerfect 6.0. Accomplishments: moved company from a periodic manual inventory system to a perpetual computer based inventory system; started a field day delivery policy for local customers.

SILVERADO COMMUNICATIONS, Ontario, CA  
Cable Splicer, Summers 1989 to 1992  
Responsibilities including: maintaining existing copper cable plant, as well as the building of new copper and fiber plant.

BURNUP & SIMS, Pomona, CA  
Cable Splicer, 1987 to 1988  
QC testing new construction all around Southern California on GTE property.

BUTLER TELECOMMUNICATIONS, San Dimas, CA  
Cable Splicer, 1986 to 1987  
Contract cable splicing for GTE in Los Angeles area.

## EDUCATION

MURRAY STATE UNIVERSITY, Murray, KY  
Bachelor of Science in Business Marketing, 1994

PADUCAH COMMUNITY COLLEGE, Paducah, KY  
Associate Degree in Business Management, 1991

## INTERESTS

Fishing, Physical Fitness, Golf, Reading

## REFERENCES

Available on request.

\* Network Multi-Family Security Corporation, Dallas, Texas. 75244  
Cable Splicer/Telecommunications Technician, April 22, 1996 to Present.  
-currently training for NEC 2400 Certification.



Paul M. Steeves  
4995 Green Leigh Court, Fayetteville, North Carolina 28303  
(910) 867-2846

**OBJECTIVE:** A challenging position in telephone communications installation/repair using abilities developed through my experience and education, with the opportunity for professional growth based on performance.

**SUMMARY OF QUALIFICATIONS**  
**COMMUNICATIONS MAINTENANCE**

More than eight years of extensive and increasing responsibility gained through formal hands on training, education, hands-on experience and successful accomplishment of assigned communications maintenance tasks, including: Installing extensive fixed installation and field wire communications systems ... Removing and restoring insulation to wires ... Securing test boards ... Installing manual and automatic switchboards ... Installing and operating Net Radio Interface (NRI) and FM radio transmission facilities, associated antennas and COMSEC equipment ... Recognizing electronic countermeasures and implementing electronic counter-measures ... Applying principles of communication security (COMSEC) ... Transmitting, receiving and relaying messages in a voice radio net ... Troubleshooting wire systems using telephones and open test boards ... Locating and repairing shorts, grounds, opens, and other damage in single line, multiple line, Cat 3 and Cat 5 cable ... Diagnosing, troubleshooting, and replacing line packs, operator packs and Line Replaceable Units (LRU) ... Utilizing lineman's common wire splicing tools, hand tools, test, measurement, and diagnostic equipment ... Installing, operating, and maintaining Mobile Subscriber Equipment (MSE) ... Positioning and interconnecting equipment components on military installations and foreign country inside plant systems ... Performing operator adjustments and alignments ... Interpreting and utilizing signal operating instructions extracts and communication systems diagrams ... Designing and supervising installation of Networks ... Troubleshooting and correcting installation of inside and outside plant equipment errors ... Maintaining maintenance and equipment forms.

**MANAGEMENT / FIRST LINE SUPERVISION**

Monitoring and enforcing effective organizational policies and procedures for organizations of up to twenty people ... Coordinating functions of various departments ... Monitoring and auditing use of equipment and supplies ... Managing more than \$400,000 of telephone subscriber equipment ... Insuring compliance with laws, regulations, and company policies ... Preparing and conducting occupational training for up to thirty communication personnel ... Coordinating activities and procedures to insure attainment and fulfillment of objectives ... Assessing needs and scheduling man hours accordingly ... Conducting individual counseling and technical inspections ... Providing technical guidance concerning all aspects of systems employment, maintenance and logistical support ... Ensuring that assigned personnel and equipment were operational and ready for assignments.

**EDUCATION** Diploma, Stephenville High School, State of Texas Department of Education, Stephenville, TX 1987  
Undergraduate Studies, University of Maryland, Europe

**TRAINING** US Army School System: Combat Signaler/Wire Systems Installer Course ... Mobile Subscriber Equipment Transmission Systems Operator ... Medium Helicopter Repair School ... Primary Leadership Development Course ... Basic Noncommissioned Officer (Supervisor/Manager) Course

**AWARDS/HONORS** Army Service Ribbon ... National Defense Service Medal ... Overseas Service Ribbon ... NCO Professional Development Ribbon (2 awards) ... Army Achievement Medal (3 Awards) ... Drivers Badge (w/wheel device) ... Aircraft Crewman Badge

**PERSONAL DATA** US Citizen ... Secret Security Clearance ... Excellent Health.

**EMPLOYMENT HISTORY \***

11/95 - Telephone Systems Technician (I&R), *Interactive Graphics, Inc.*, Charlottesville, VA  
05/95 - 10/95 Team Supervisor/Installation Technician, *Network Construction Services, Inc.*, Raleigh, NC  
07/87 - 08/94 Active Service, Noncommissioned Officer, US Army Signal Corps

References Available Upon Request

\* 6/96 - Cable Splicer, *Network Multi-Family Security Corporation*, Dallas TX